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UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
Washington 25, D. C.

May 4, 1949

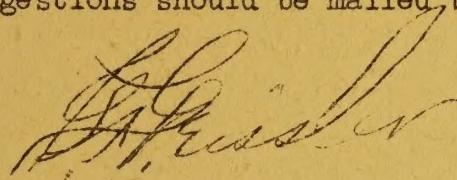
To: State Directors of all Cotton States

From: G. F. Geissler, Manager, FCIC

Subject: 1949 Tentative Cotton Loss Adjustment Manual

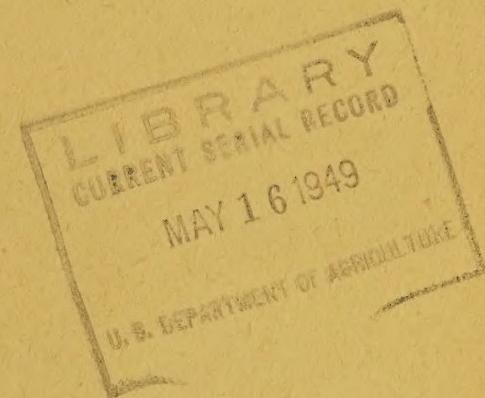
There are attached two copies of the tentative "Cotton Loss Adjustment Manual for 1949". We would like to have you as well as other persons interested in loss adjustment work review this procedure and give us your suggestions or comments.

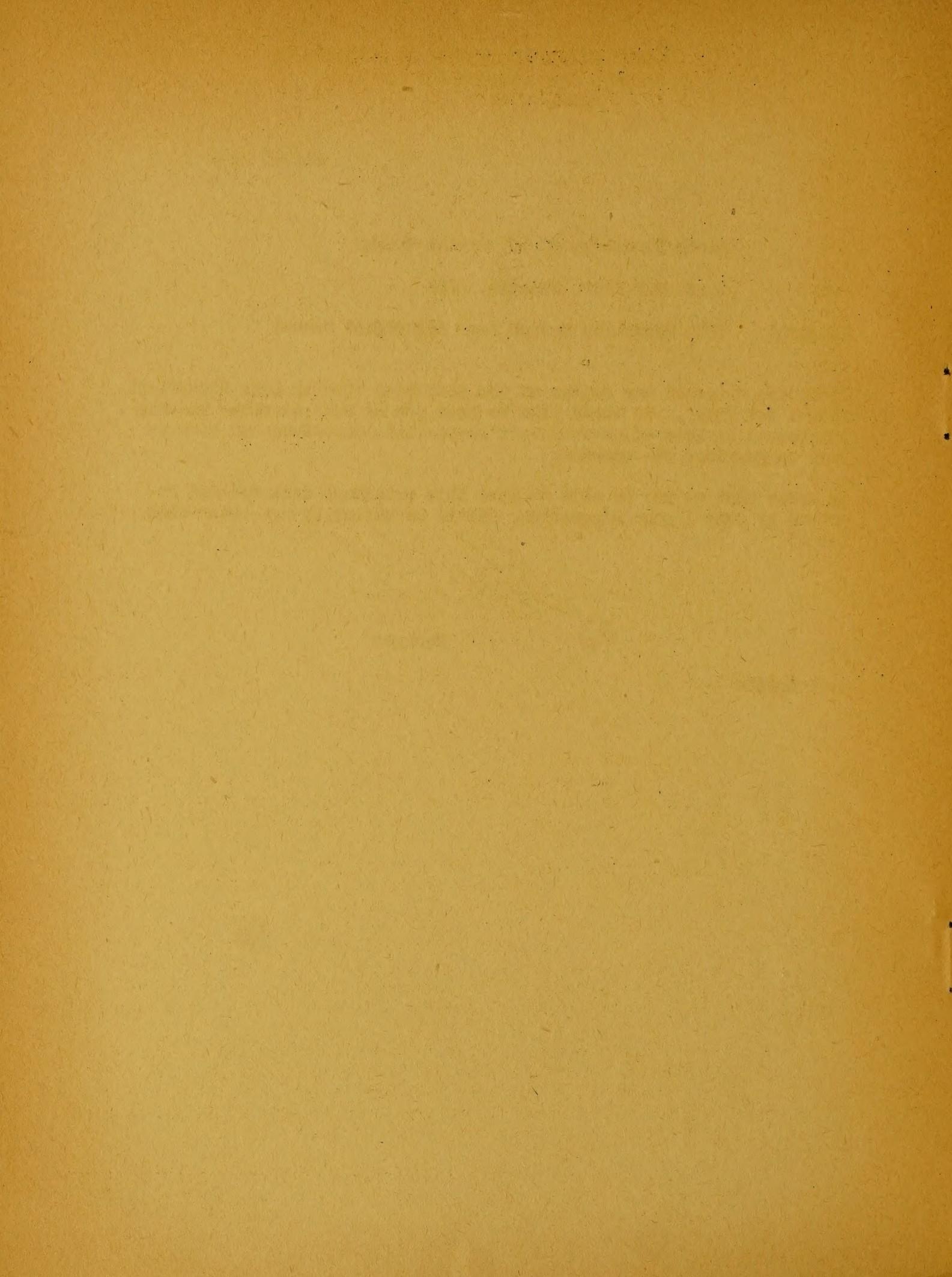
In order that we may be able to have this procedure docketed and approved by June 1 your suggestions should be mailed by not later than May 25.



Manager

Attachments





Tentative
April 28, 1949

1949 LOSS ADJUSTMENT MANUAL FOR COTTON

GENERAL

Since this procedure deals almost entirely with the preparation of Inspection Reports and Statements in Proof of Loss the adjuster should thoroughly familiarize himself with the general provisions of the program as well as his responsibilities and those of the state director, district supervisor and county committee in order that he may ably represent the Corporation in his field contacts. This information, together with other basic principles of loss adjustment, will be contained in an Adjuster's Manual to be issued at a later date. Instructions relative to Form-8-Revised, "Notice to Corporation of Damage or Probable Loss" (herein called "Form 8") are contained in General Procedure 8-Revised, issued April 8, 1949.

SECTION I. INSPECTIONS AND PREPARATION OF THE INSPECTION REPORT

Subsection A. Inspections

1. It is essential that the adjuster clearly understand what constitutes an "insurance unit," because losses are adjusted on an insurance unit basis. Each of the following describes an insurance unit:
 - a. For an owner-operator all insurable acreage in the county in which he has 100 percent interest at the time of planting plus any acreage owned by him and worked for him by sharecroppers at the time of planting is one insurance unit.
 - b. For a landlord all insurable acreage in the county which is owned by him and rented to one tenant at the time of planting is one insurance unit.
 - c. For a tenant all insurable acreage in the county which is owned by one person and operated by the tenant at the time of planting is one insurance unit. "Operated by the tenant" includes operations with his own labor, wage hands or sharecroppers, or any combination.
 - d. For a sharecropper all insurable acreage in the county which is owned by one person and worked by the sharecropper at the time of planting is one insurance unit.

In case of land rented for cash or for a fixed commodity payment the lessee is considered the owner. In some cases an insured may have one or more insurance units as a landlord or owner-operator and in addition he may work additional land as a tenant or as a sharecropper.

2. Land which is designated on the county crop insurance map as "unclassified" does not constitute an insurance unit or any part thereof. Neither shall an insurance unit include any acreage planted to cotton but on which no insurance attached. There are four classifications of such acreage as follows:
 - a. Any acreage on which the crop is destroyed or substantially destroyed and on which it is practical to replant to cotton, and such acreage is not replanted to cotton;

- b. Any acreage which the state director determines was initially planted to cotton too late to expect a normal crop to be produced;
 - c. New ground acreage planted to cotton the first year of cultivation; and
 - d. Any acreage planted to cotton following in the same crop year a small grain crop which reaches the heading stage.
3. When a Form 8 received during the growing season does not include a request for release of acreage and the state director or the district supervisor (or the adjuster, where authorized) determines that an inspection is not necessary, a letter shall be directed to the insured setting forth the following:
- a. The insured's contract number and the description of the acreage involved;
 - b. The reason an inspection is not deemed necessary at that time;
 - c. That any later material damage to the crop or loss after harvest or at the end of the insurance period, whichever occurs first, should be reported promptly; and
 - d. That evidence of planting should not be destroyed or other use made of the acreage before an inspection is made by a Corporation representative.
- This letter shall be prepared in triplicate, the original mailed to the insured, a copy forwarded to or retained by the state director and a copy filed in the insured's county office folder.
4. In cases where an inspection is to be made, the adjuster shall visit the county office and familiarize himself with all material in the insured's file, including any Inspection Report previously prepared and current correspondence, and shall obtain records and other data which will be helpful to him in making the inspection, except in cases where he determines a visit to the county office is not necessary.
5. If an acreage report has not been filed by the insured, the adjuster shall obtain the report in accordance with the Acreage Report Procedure and submit it to the county office.
6. Where the adjuster finds that there has been a transfer of interest in an insured crop which took place before the beginning of harvest or the time of loss, whichever occurs first, he shall determine whether Form-FCI-21-Revised, "Transfer of Interest," has been filed by the transferee (and signed by the transferor, if available). If this has not been done the adjuster shall advise the transferee that if he desires insurance on the interest transferred it will be necessary for both parties (if available) to go by the county office to file Form FCI-21-Revised or to execute this form and give it to the adjuster.

In order to avoid selectivity in transfer of interest cases the Corporation feels that the transferee should file Form FCI-21-Revised within 15 days after the transfer. If the condition of the insured crop on the acreage transferred is such that a loss is likely and a Form FCI-21-Revised has not already been filed and it is more than 15 days after the transfer occurred, the adjuster shall inform the insured that the transfer may not be approved by the Corporation.

Where the Form FCI-21-Revised has not already been filed and is not given to the adjuster, he shall prepare Form FCI-6 "Statement of Facts" showing all data required to be entered on Form FCI-21-Revised. Where Form FCI-6 is prepared in such cases two copies shall be forwarded to the state director and one copy to the county office. Where Form FCI-21-Revised is executed and given to the adjuster, all copies thereof shall be sent or taken to the county office for handling in accordance with instructions contained in General Procedure 8-Revised, dated April 8, 1949.

7. Where acreage is released, the stage of production (and the coverage) is established accordingly for such acreage. Where the insured carries released acreage to harvest, the stage of production established for such acreage at the time of release cannot be changed to a later stage of production unless the Corporation determines, on the basis of actual production, that the acreage was not actually substantially destroyed, as defined in the Regulations. In cases where this determination is made by an adjuster, an explanation thereof, including the production for such acreage and other pertinent facts, shall be recorded on the Inspection Report being prepared at the time. If it is found that an error was made on the Inspection Report previously prepared, the correct information, a full explanation thereof, and other pertinent facts shall be recorded on a new Inspection Report which shall be labeled "corrected" in the heading thereof. In either of these types of cases the county office copy of the form previously prepared shall be marked "void" by the adjuster and left in the insured's folder.
8. The adjuster shall prepare Form FCI-863-C Revised, "Inspection Report for Cotton", (herein called "Form 863") in accordance with subsection B below for each insurance unit at the time of each inspection of the unit. A separate Form 863 shall be prepared for each part of an insurance unit in the following cases:
 - a. When different coverages are applicable to parts of the unit;
 - b. When a transfer of interest has been approved involving a part of the acreage or a part of the insured's interest in the crop on the unit; or
 - c. When the insured has different shares in the crop on parts of the unit.

Subsection B. Preparation of Form 863

1. Heading

All entries are self-explanatory and shall be completed in every case.

2. Part I - Field or Tracts Containing Damaged Acreage.

Data for each field or tract containing damaged acreage shall be entered in Part I. Data for all fields or tracts may be entered for pre-harvest inspections at the discretion of the state director but complete data for all fields or tracts must be entered at any time a loss is adjusted. Where there is insufficient space in Part I to record the necessary data, additional Forms 863 shall be prepared and properly identified as "Continuation Sheet: Page ____ of ____ pages." All fields or tracts of cotton on the insurance unit being inspected shall be accounted for in the space provided for a sketch map in Part III, unless provided otherwise by the Director.

Column A: For pre-harvest inspections enter the identification of each field or tract as instructed by the state director. When a loss is adjusted enter the identification of all fields or tracts on the unit. (This identification shall correspond with the identifying symbols assigned to each field or tract on the sketch map in Part III).

Column B: Enter the estimated total acreage (or the measured acreage) of cotton in each field or tract identified in Column A. The acreage entered at the time of loss is adjusted must be measured acreage.

Column C: Enter the acreage which is released in each such field or tract. If no acreage is released, enter a "zero". (Do not enter harvested acreage in column C unless there is some appraisal of production for such acreage.) Estimate this acreage as accurately as possible in case it is released during the growing season, except that the acreage shall be accurately determined (1) where all of the insured acreage on the unit is being released, or (2) where the boundaries of the acreage being released cannot be definitely determined at a later date. Where the acreage being released is only a part of the acreage in a field or tract, its location in the field or tract shall be sketched on the sketch map in Part III.

The Adjuster shall not release any acreage planted to cotton until he determines that:

- (1) The cotton has been destroyed or substantially destroyed. The cotton is not considered to be substantially destroyed unless it has been so badly damaged that farmers generally in the area where the land is located and to whose crops similar damage occurred would not further care for it or harvest any part of it, and,
- (2) It is too late to replant land to cotton in the area. If it is practicable for the insured to replant to cotton, he shall be advised that unless the acreage is replanted it will not be considered as insured acreage.

Where acreage of cotton is destroyed or substantially destroyed after it is too late to replant, the adjuster shall release such acreage whether or not the insured has requested a release.

In addition, where there is unharvested cotton on the unit at the end of the insurance period and the state director has instructed that any claims for loss shall be settled on the basis of an appraisal of unharvested cotton, the adjuster shall release all the acreage included in the insurance unit.

Column D: For each acreage released, enter a notation indicating the stage of production (as explained below) during which the cotton on such acreage was destroyed or substantially destroyed. Since this notation establishes the coverage for the released acreage, it is extremely important that the adjuster shall positively determine the stage of production during which the cotton being released was destroyed or substantially destroyed. The time of inspection has no bearing on the determination of the stage of production.

The notation "First" shall be entered as the stage of production where the acreage being released is destroyed or substantially destroyed after it is too late to replant the land to cotton but before the cotton on such acreage is cultivated. "First" cultivation means the first tillage of the cotton after it is up and must be performed with an implement (other than a spike tooth or section harrow, rotary hoe, or stalk cutter) designed for use on individual cotton rows for the purpose of working the ground close to the plants—any other cultivation prior to this time, regardless of the purpose thereof, shall not be considered as a first cultivation of the cotton crop. Chopping is not to be considered as a cultivation.

The notation "Second" shall be entered as the stage of production where the acreage being released is destroyed or substantially destroyed after the first cultivation of cotton on such acreage but before it is laid by. "Laying by" means the completion of the final cultivation consistent with good farming practices, that would be necessary to carry the crop to harvest.

The notation "Third" shall be entered as the stage of production where the acreage being released is destroyed or substantially destroyed after the cotton on such acreage is laid by but before it is harvested as defined below. The notation "Third—not harvested" shall be entered for any acreage which is laid by but which is not destroyed and is not harvested. This will include any acreage not harvested but released at the end of the insurance period in connection with settling a claim for loss.

The notation "Fourth" shall be entered as the stage of production for any acreage which is harvested and which was not destroyed or substantially destroyed in an earlier stage, as determined by the Corporation. "Harvest" means the removal of seed cotton from the open cotton boll or the severance of the open cotton boll from the stalk by either manual or mechanical means. Any acreage which has been harvested (picked over) one time in a workmanlike manner shall be considered as harvested, and will be in the fourth stage of production, provided such acreage was not destroyed or substantially destroyed in the first, second or third stage of production, as determined by the Corporation. However, an appraisal shall be made of any unharvested cotton remaining in the field.

Where there is a question concerning the stage of production applicable to released acreage, the adjuster shall consider the visible evidence available at the time of inspection. Where the question is whether the acreage being released was destroyed or substantially destroyed during the "First" or "Second" stage of production and the adjuster is unable to establish that the acreage was cultivated before the destruction occurred, the acreage being released shall be considered to have been destroyed or substantially destroyed in the "First" stage of production. Where the question is whether the acreage being released was destroyed or substantially destroyed during the "Second" or "Third" stage of production and the adjuster is unable to establish that the acreage was laid by before the destruction occurred, the acreage being released shall be considered to have been destroyed or substantially destroyed in the "Second" stage of production.

In connection with a release of acreage and the establishment of the stage of production therefor, the adjuster shall advise the insured of the coverage per acre and the appraisal per acre applicable to each such acreage. Any uninsured cause of loss and the necessary appraisal per acre should be discussed with the insured at the time of inspection and while the evidence is still visible.

Column E: For each acreage released, except for the acreage for which the notation "First" is entered in column D, enter a per acre appraisal of the estimated yield of lint cotton that would be realized if such acreage remained for harvest. In releasing acreage the Corporation is relinquishing its opportunity to determine the actual yield. Therefore, in making this appraisal, the adjuster should assume that favorable growing conditions will prevail until harvest time.

Where an appraisal is made for an acreage in the "Fourth" stage of production, the appraisal shall reflect the estimated yield of unharvested lint cotton per acre, and the acreage in column C for which such appraisal is made shall be encircled.

The insured shall be advised that (1) where any of the crop has been partially destroyed but not released, proper measures must be taken to protect it from further damage, and (2) if insured acreage is put to another use without the consent of the Corporation, such acreage will be subject to an appraisal at least equal to the coverage therefor.

Column F: Enter the primary insured cause of damage to the cotton in each field or tract identified in column A. Where only a part of the acreage in a field or tract is damaged, the location of the damaged acreage shall be recorded in Part III.

The adjuster shall determine whether any of the damage is due to causes not insured against, and, if so, the extent of such damage shall be recorded in Part III.

Column G: Enter the date of the insured damage to the cotton in each field or tract.

Column H: Enter the name of the person other than the insured who shares in the insured crop in each field or tract. Where applicable, ditto marks may be used rather than writing the name of the same person on succeeding lines.

Column I: Enter the share in the crop of each person whose name appears in column H. Verify the insured's reported share(s) in the crop, as indicated on Form 8. If the share(s) reported by the insured at the time of inspection as his share(s) in the crop at the time of planting varies from his previous reports, explain such discrepancy in Part III.

3. Part II. Determination of Actual Production

Part II shall include the shares of all persons in the harvested production of cotton on the insurance unit (or part thereof covered by Form 863.)

In any case where cotton acreage was released in the first, second, or third stage of production and the insured continued to care for the crop and harvested some production therefrom although not enough to establish that the crop was not actually destroyed or substantially destroyed, such cotton production will not enter into the determination of actual production but will be taken into consideration in determining the amount of appraised production to be counted. For acreage substantially destroyed in the second stage of production no appraisal would be likely to appear in Column B since the appraisal for acreage released in this stage is the amount by which the appraised production for such acreage exceeds the coverage in that stage. For acreage destroyed or substantially destroyed in the third stage of production the appraised production to be entered in Column B would never be less than the amount of production actually harvested from such acreage. Since there is no appraisal for acreage released in the first stage of production any harvested production from acreage substantially destroyed in the first stage will be disregarded.

Routine completion of this Part shall not be considered adequate to determine the quantity of cotton harvested on the land covered by Form 863. The reasonableness of the reported production (as reflected by gin tickets) as related to the acreage harvested shall be considered, and the stalks and other evidence of the quantity of production shall be examined. In addition, a burr count shall be made to check the reported production in every case where the adjuster feels such action is necessary. The adjuster shall fully satisfy himself by such other investigation as may be necessary, that the yield appears to be consistent with the yield of comparable land in the area.

In order to be sure that all production is accounted for, the adjuster must examine all gin tickets, production records, records of sale of seed cotton, and other available records, including gin records where the adjuster feels that such action is necessary.

Although separate Forms 863 will have been prepared where the insured has different shares in parts of the acreage on the insurance unit, the adjuster shall make certain that production is reported separately for each acreage in which the insured has a different share and that the production reported for each acreage appears to be reasonable.

In cases involving any acreage to which insurance does not attach, as set forth in Section I. A. 2. hereof, if the insured has failed to keep separate acceptable records of production for the uninsured acreage or has failed to keep such production separate from the production from the insured acreage, the production for the unit shall include any of the production from such uninsured acreage which is commingled with production from insured acreage. If separate records have been kept or if the production has been kept separate the total production for the unit shall not include any production from such uninsured acreage.

Item 5: Lint cotton ginned. Enter the total net pounds of lint cotton ginned from the insurance unit (or part thereof). In determining this quantity, a deduction for bagging and ties shall be made from the gross weight of each bale ginned. This deduction shall be as follows depending on the type of bagging used. Burlap or Cotton - 14 lbs., sugar sack - 20 lbs., jute ($2\frac{1}{2}$) - 21 lbs., and jute ($2\frac{1}{2}$) - 24 lbs.

A record of each bale produced on the insurance unit (or part thereof) should be recorded in Part III or, where there is insufficient space in Part III, this record should be on the reverse side of the original of Form 863-C. This record should include for each bale (1) the bale (or gin ticket) number, (2) the gross weight, (3) the deduction for bagging and ties, including the type of bagging, (4) the name and address of the gin, and (5) the date on which the last bale was ginned. Where the same type of bagging is applicable to all bales, the type of bagging used need be shown only once and the deduction should be made on the basis of the total number of bales.

Wherever practicable, the adjuster may obtain a statement from the ginning companies where the cotton is ginned showing the information required by the above paragraph. Any such statement should be dated and signed by the gin operator or his representative and shall be attached to the original of Form 863.

Item 6: Seed Cotton. Enter in 6(a) the total number of pounds of seed cotton on hand. Enter in 6(b) the total number of pounds of seed cotton sold and the name and address of the buyer. Enter in 6(c) the total number of pounds of seed cotton harvested which is not accounted for in 6(a) or 6(b). Enter in the first blank space in 6(d) the sum of the entries in items 6(a), 6(b), and 6(c). Enter in the second blank space in 6(d) the estimated net weight of lint cotton turn-out from such seed cotton.

When estimating the net weight of lint cotton turn-out from seed cotton the adjuster shall utilize all available information, such as (1) the average percent turn-out of cotton ginned from the insurance unit, (2) the average percent turn-out of cotton produced from the same variety of seed planted in the community, as shown on gin records, and (3) the condition of the seed cotton.

Item 7. Total Harvested Production. Enter the sum of the entries in items 5 and 6.

Verification of Computation: After all of the entries and computations have been made as provided above, they shall be rechecked for accuracy and completeness.

4. Part III. Adjuster's Narrative Report

(a) Narrative Report

Part III shall be completed each time a Form 863 is prepared. The director shall outline for the adjuster the information which he thinks the Corporation will need in the final determination of the loss, if any, and instruct the adjuster to enter in Part III whatever of that information is available. In all cases where harvest has been completed on the unit the adjuster shall enter the date on which harvesting of cotton was completed on the insurance unit. This entry shall be indicated as follows: "Harvest completed - August 30, 1949."

Any causes of damage not included in Part I, and the dates thereof shall be entered in Part III. When any damage is due to an uninsured cause, enter a full explanation and set forth the extent of such damage, including the number of acres damaged and the appraised reduction in production per acre due to such damage and a statement to the effect that it has been discussed with the insured. A notation describing the condition of all of the acreage which is not accounted for in Part I shall be included in Part III.

Where an inspection is being made during the growing season, the adjuster shall determine whether the acreage of cotton in all fields or tracts on the unit (or part thereof covered by Form 863) approximates the reported acreage as shown on Form 8. If, in his opinion, there is a substantial difference between the two figures, an explanation of why such difference exists shall be entered in Part III.

(b) Sketch Map of Insurance Unit.

The adjuster shall make a rough sketch of the entire unit in the space provided. (If more than one Form 863 is prepared for a unit to cover different areas, interests, etc., only one of the forms need show a sketch of the unit). The following data shall be entered in or near each field or tract on the sketch map (or in the Narrative Report where there is insufficient space on the sketch map).

- (1) An identifying field or tract symbol (A, B, C, 1, 2, 3, NW, SE, etc.)
- (2) Condition of the crop at the time of the inspection.
- (3) Any measurements taken or landmarks used or to be used in determining the acreage.

(c) Date and Signature.

In the space provided above Part III, the adjuster shall sign Form 863 and enter the date on which the inspection is made. The signature of the insured should be obtained unless it is impracticable to do so. However, where acreage is released and it is impracticable to obtain the insured's signature, a statement explaining why his signature was not obtained shall be included in Part III. Form 863 shall be distributed in accordance with Section V, page 23, hereof.

SECTION II - ADJUSTMENT OF CLAIMS

Subsection A. General

1. Responsibilities of the insured:

- a. The insured shall use Form FCI-967-C, "Statement in Proof of Loss for Cotton" (herein called "Form 967") in submitting a claim for loss.
 - b. The insured shall submit claim for loss within 60 days after the time of loss. (In case all of the acreage on the unit is released prior to harvest, the time of loss is the date of the damage resulting in the release. In case the crop is harvested or removed from the field prior to the end of the insurance period, the time of loss is the date of completion of harvesting or removal from the field. In case the crop is not harvested or is not removed from the field prior to the end of the insurance period, the time of loss is the end of the insurance period.)
 - c. The insured shall establish that the amount of any loss for which claim is made has been directly caused by one or more of the hazards insured against by the contract during the term thereof, and that the loss has not arisen from or been caused by, either directly or indirectly, any of the hazards not insured against.
2. The adjuster shall not approve a Form 967 until (1) he has inspected all fields or tracts in the unit, (2) he has determined the acreage planted to cotton on the unit, (3) he has verified to his satisfaction the production for the unit, (4) he has made any necessary appraisals of production per acre, and (5) he has determined that the loss is due to insurable causes.

Subsection B. General Instructions Applicable to Preparation of Form 967.

1. A separate Form 967 (or a "master" and "supplemental" Forms 967, where subsection D of this Section applies) shall be prepared for each unit on which a loss is claimed.
2. Where the insured fails to establish and maintain separate records of production for each unit and all the acreage from which production is commingled is insured, the case shall be handled in accordance with subsection D, paragraph 4, page 20 of this Section. However, if the adjuster feels that insurance with respect to such units should be voided for the current crop year, he shall prepare Form FCI-6, "Statement of Facts", setting forth the facts which he feels justify this

action and his recommendation. Where Form FCI-6 is prepared in such cases the adjuster should not sign the Form 967. If the insurance for such units is voided, the insured may still be required to pay the current premium.

3. Where the insured fails to establish and maintain separate records of production for "Unclassified" acreage and such production is commingled with production from insured acreage, the production from the "unclassified" acreage will be considered to have been produced on the insured acreage and the loss adjusted in the usual manner.
4. The insured and the adjuster certify only to the basic data appearing on Form 967, which include the measured acreages, the insured interest, the total harvested production, the appraisals of production, and the cause(s) of damage. Therefore, the adjuster shall complete Form 967 only to the extent provided hereinafter.
5. Where it appears that there will not be a loss on the unit, or where the insured requests advice as to the approximate indemnity he may expect to receive, the adjuster may perform the necessary computations on a scratch pad, using the instructions on the reverse side of Form 967, and advise the insured accordingly. If there is no loss, the adjuster should explain to the insured why there is no loss.
6. In all cases the insured shall be advised that the required computations will be made by the Corporation and that his copy of Form 967 will be mailed to him after the audit is completed.
7. Where a statement of facts is required Form FCI-6, "Statement of Facts," should be used to record the necessary information. In cases where more than one statement of facts is required, all such statements may be entered on the same Form FCI-6, insofar as space permits.

Subsection C. Preparation of Form 967 for Usual Cases

1. The instructions set forth in this subsection apply in all cases where (a) the same coverage per acre is applicable to the entire unit, (b) the insured has the same share in all the acreage of cotton on the unit, and (c) there has been no transfer of interest in the cotton crop on the unit. In all other cases Form 967 shall be prepared in accordance with Paragraphs 1, 2, 3, or 4 of subsection D of this Section.
2. Form 967 shall be prepared as follows:

- a. Heading:

These entries are self-explanatory. The name of the insured on Form 967 must agree with the name as it appears on the contract. If it does not agree and the name of a legal representative, legal entity, transferee or assignee has been entered, Form FCI-6 fully explaining the revision shall be attached to Form 967.

- b. Boxes:

Box A: Enter the total reported acreage for the insurance unit as shown on the acreage report.

Box B: Enter the measured acreage planted to cotton on the insurance unit, excluding any acreage to which insurance did not attach as outlined in Section I. A. 2. hereof. This acreage shall be accurately determined by the adjuster unless acceptable records of measurement are on file in the county office. All possible use shall be made of permanent field acreages established under other agricultural programs and on file in the county office. Measuring equipment shall be checked for accuracy and corrected where necessary prior to its use.

Where applicable the adjuster shall advise the insured of the following:

- (1) If the measured acreage is less than the reported acreage, the loss, if any, will be settled on the basis of the measured acreage and the premium adjusted accordingly;
- (2) If the measured acreage exceeds the reported acreage, the loss which would otherwise be determined will be reduced proportionately unless the provisions of paragraph (3) below are applicable;
- (3) Where different premium rates are established for part of the unit or the insured has different shares in the crop on parts of the unit, the loss on the planted acres will be reduced on the basis of the ratio of the premium computed for the reported acreage to the premium computed for the planted acreage in cases where the latter is larger.

Box C: Enter the area number(s) applicable to the insurance unit as shown on the county crop insurance map. (In Lubbock County, Texas, the appropriate symbol "I" or "NI" indicating irrigated or non-irrigated acreage shall also be entered in this box following the area number.)

Where the same coverage per acre applies to all of the acreage on the unit but different premium rates are applicable to parts of this acreage, enter above box C the acreage in each area followed by a dash and the area number. For example: 100 acres - area 1 and 60 acres - area 2.

Box D: Enter the insured interest in the cotton crop on the insurance unit, which shall be the smaller of (1) the reported share in the crop as shown on the acreage report, or (2) the actual share in the crop at the beginning of harvest or time of loss, whichever occurs first. This entry shall be shown as a percentage, rounded to the nearest tenth of a percent. Where the insured interest entered in box D is less than the reported share shown on the acreage report, Form FCI-6 explaining the discrepancy shall be attached.

Box E: Enter the fixed price of lint cotton per pound applicable to the county. In the case of monetary insurance this entry will be 27¢.

- Box F: Enter 50% if partial insurance protection is applicable. If not applicable, enter "none".
- c. Part I. Actual and Appraised Production to be Counted on the Insurance Unit.

Items 1 through 9: The instructions for completing these items are outlined on the reverse side of Form 967.

In connection with any computation, rounding shall be performed as follows: Carry the computation one digit beyond the digit to be rounded. If the last digit is 5 or larger, round upward; if the last digit is 4 or smaller, disregard it.

In executing items 1 through 4 care should be taken to see that proper appraisals are entered in item 7 or 8 for any causes of loss not insured against.

The causes of loss which are not insured against include (but are not limited to) the following:

1. Failure to follow recognized good farming practices, such as the use of defective or unsadapted seed, failure to plant a sufficient quantity of seed, failure to properly prepare the land for planting or properly to plant, care for, or harvest the insured crop (including unreasonable delay thereof);
2. Following different fertilizer or farming practices than those considered in establishing the coverage;
3. Planting on land which is generally not considered capable of producing a crop comparable to that produced on the land considered in establishing the coverage;
4. Planting cotton on land following peanuts harvested for nuts;
5. Failure to replant cotton under circumstances where the Corporation determines it is practicable to replant;
6. Planting cotton under conditions of immediate hazard, planting excessive acreage under abnormal conditions, planting another crop (except winter legumes) in the growing cotton crop, or planting a variety of cotton which differs materially in yield from the variety considered in establishing the coverage.
7. Loss due to breakdown of machinery or failure of equipment due to mechanical defects, or loss in yield caused by the neglect or malfeasance of the insured or any person in his household or employment or connected with the farm as tenant, sharecropper, or wage hand;
8. Loss caused by theft, or by domestic animals, or by inability to obtain labor, seed, fertilizer, machinery repairs, or insect poisons;

9. Where insurance is written on an irrigated basis, loss caused by failure properly to apply adequate irrigation water to cotton when needed and in accordance with recognized good farming practices or failure to provide adequate casing or properly to adjust the pumping equipment in the event of a lowering of the water level in pump wells when such adjustment can be made without deepening the well, or failure properly to apply irrigation water to cotton in proportion to the need of the crop and the amount of water available for all irrigated crops. If the insured sells rights to irrigation water, any loss due to lack of water shall be deemed to be a loss from a cause not insured against.
10. Loss due to the shortage of irrigation water on any farm where the Corporation determines that the total acreage of all irrigated crops on the farm is in excess of that which could be irrigated properly with the facilities available and with the supply of irrigation water which could be reasonably expected.
11. Any damage to the insured crop which occurs after the end of the insurance period as set forth in the Regulations is likewise not insured against and must be handled by the adjuster as an uninsured cause of damage.
12. Any loss due to the action of any person, or state, county or municipal government in the use of chemicals, such as 2-4-D, for the control of noxious weeds.
13. Any other damage due to causes not insured against.

d. Part V. Causes of Damage Insured Against

No uninsured causes of damage shall be entered in Part V. Each insured cause of damage shall be specifically stated, as provided below, and shall be entered on a separate line, unless there are more than three such causes.

Items 18, 19, and 20: Enter the primary, secondary, and other contributing insured causes of damage to the crop, together with the approximate date each cause of damage occurred and the estimated percent contribution of each such cause to the total loss on the unit due to causes insured against. The entries in the column headed "Estimated Percent Contribution" should total 100 percent. The various insured causes of damage, which shall be used as a guide for uniformity, are listed below:

Drought	Windstorm
Hail	Blowout (including wind erosion)
Fire	Cold Weather
Wildlife (animals, birds and crawfish)	Crusted Soil (including packed soil due to heavy rains)
Shortage of Irrigation Water	Root Rot
Flood (overflow or back-water)	Wilt
Standing Surface Water (seepage and delayed run-off)	Plant Diseases (excluding Root Rot and Wilt)
Excessive Moisture (excluding flood and standing surface water)	Boll Weevil
Water Erosion (current year)	Leaf Worm
Freeze, snow	Insects (excluding Boll Weevil and Cotton Leaf Worm)
Hot Winds (including excessive heat)	

If any part of the loss is due to an act of a person(s), the adjuster shall prepare a Form FCI-6 setting forth all pertinent facts including the name of the person(s) if possible, and the amount of production lost due to the damage caused by such person(s). Form FCI-6 shall be attached to Form 967.

e. Part VI. Claim, Certification, Release and Assignment

Item 21: By signing Form 967 the insured agrees to the substitution of the Corporation as his attorney to exercise right of recovery against any person(s) for damage to the crop to the extent that payment for loss resulting from such damage is made to the insured by the Corporation. If applicable, the insured shall be advised of this fact and that he is not to make any settlement with, or execute a release to, such person(s).

Enter in the space provided either "yes" or "no" to the question whether a collateral assignment is outstanding. If a Form FCI-20, Collateral Assignment, approved by the Corporation, is on file in the county office, the word "no" shall not be entered until the adjuster determines that the assignee has released the assignment in writing. Where "yes" is entered, and the insured wants the assignee to be paid separately to the extent of the cash amount of the assignment, a statement to this effect, signed by the insured, must accompany the Form 967. If the statement provides for the issuance of a separate check to the insured and a separate check to the assignee for an amount less than that shown on the assignment, it must also be signed by the assignee. If no such statement is attached, a joint check will be issued.

Wherever possible, the adjuster shall review Form 967 and determine that all necessary entries have been made thereon before it is signed by the insured. After the form is filed by the insured, no person has authority to change or enter thereon any basic data. If after the form has been filed by the insured it is found that any of the basic data shown thereon are incorrect, the case shall be handled in accordance with the procedure set forth in Section III, Subsection A, hereof.

The insured (or other eligible claimant) shall sign and enter the date in the spaces provided in item 21. Before signing, he should be cautioned that his signature must agree with the name in the heading of Form 967 and, where applicable, with his signature on the contract. The signature must actually be affixed by the person whose name appears in the heading of Form 967, or by his authorized representative.

If the signature of the insured is affixed in a representative capacity, the adjuster must determine that a power of attorney or other acceptable evidence is on file in the courthouse or the county office authorizing the person to sign in the capacity in which he signs.

Item 22: The adjuster shall not approve the Form 967 until all basic data have been entered thereon and until it has been signed by the insured. If, after the insured has signed the form, the adjuster can certify to the statements in item 22, he shall sign and date the form in the spaces provided.

Item 23: This item is for the use of the director.

f. Boxes Designated "For Branch Office Use Only"

The adjuster shall make no entries in these boxes, which will be used by the Corporation in notifying state and county offices of changes in the premium for the contract in each case where the measured acreage shown on Form 967 is less than the reported acreage, thus eliminating the preparation of "revised" acreage reports by the Corporation.

Subsection D. Preparation of Form 967 for Unusual Cases

1. Where the insured has different shares in parts of the cotton crop on the insurance unit.

A separate Form 967 shall be prepared for each acreage on the unit on which the insured has a different share. (For example: If the insured has 100 percent interest in 15 acres of cotton and 50 percent interest in 10 acres of cotton on the same unit, one Form 967 shall be prepared for the 15 acres and another Form 967 shall be prepared for the 10 acres). The word "Supplemental" shall be entered immediately above the title on each of these forms. After the "Supplemental" forms have been prepared as provided below, the entries thereon shall be summarized and entered on a Form 967 which shall be identified by entering the word "Master" immediately above the title. These "Supplemental" forms and the "Master" form shall be prepared as follows:

(a) "Supplemental" forms

(1) Heading

Complete the heading in the usual manner.

(2) Boxes

Boxes A and B: Enter the reported acreage and the measured acreage respectively, for the part of the unit covered by the "Supplemental" form.

Box C: Complete this box in the usual manner.

Box D: Enter the insured interest in the acreage covered by the "Supplemental" form.

Boxes E and F: Complete these boxes in the usual manner.

(3) Part I

Enter all the data applicable to the acreage covered by the "Supplemental" form.

(4) No other entries shall be made on the "Supplemental" forms.

(b) "Master" Form

(1) Heading

Complete the heading in the usual manner.

(2) Boxes

Boxes A and B: To obtain the entry for each of these boxes for the "Master" form, add the entries for that box appearing on all "Supplemental" forms covering parts of the unit, and enter the sum thereof on the "Master" form.

Box C: Complete this box in the usual manner.

Box D: Enter the word "Varying".

Boxes E and F: Complete these boxes in the usual manner.

(3) Part I

To obtain each of these items for the "Master" form, add the entries for that item appearing on all "Supplemental" forms covering parts of the unit, and enter the sum thereof on the "Master" form.

(4) Complete the "Master" form in the usual manner. It will not be necessary for each "Supplemental" form to be signed by the insured, provided the "Master" form is signed.

2. Where Different Coverages Per Acre Have Been Established for Parts of the Insurance Unit.

A separate Form 967 shall be prepared for the acreage of cotton on each part of the unit for which a different coverage per acre has been established. In addition, if the insured has different shares in parts of the cotton to which the same coverage per acre applies, a separate Form 967 shall be prepared for each acreage in which the insured has a different share. The word "Supplemental" shall be written immediately above the title on each of these forms. After the "Supplemental" forms have been prepared as provided below, the entries thereon shall be summarized and entered on a Form 967 which shall be identified by entering the word "Master" immediately above the title.

The above instructions are also applicable in Lubbock County, Texas where an insurance unit may include acreage which is insured on an irrigated basis and acreage which is insured on a non-irrigated basis. The acreage which is insured on an irrigated basis and on a non-irrigated basis will have been determined in accordance with separate instructions issued by the Corporation and will appear on the acreage report properly identified by the symbols "I" and "NI".

These "Supplemental" forms and the "Master" forms shall be prepared as follows:

a. "Supplemental" Forms

(1) Heading

Complete the heading in the usual manner.

(2) Boxes A and B: Enter the reported acreage and measured acreage, respectively, for the part of the unit covered by the "Supplemental" form.

Box C: Enter the area number applicable to the part of the unit covered by the "Supplemental" form. (In Lubbock County, Texas, the appropriate symbol "I" or "NI" indicating irrigated or non-irrigated acreage shall also be entered in box C immediately following the area number.)

Box D: Complete the box in the usual manner, except where paragraph 1 of this subsection is applicable.

Boxes E and F: Complete these boxes in the usual manner.

(3) Part I

Enter all the data applicable to the acreage covered by the "Supplemental" form.

(4) No other entries shall be made on the "Supplemental" forms.

b. "Master" Form

(1) Heading

Complete the heading in the usual manner.

(2) Boxes

Boxes A and B: To obtain the entry for each of these boxes for the "Master" form, add the entries for that box appearing on all "Supplemental" forms covering parts of the unit, and enter the sum thereof on the "Master" form.

Box C: Enter the area numbers for all "Supplemental" forms covered by the "Master" form.

Box D: Complete this box in the usual manner unless the insured has varying interests, in which case enter the word "Varying".

Boxes E and F: Complete these boxes in the usual manner.

(3) Part I

To obtain each of these items for the "Master" form add the entries for that item appearing on all "Supplemental" forms covering parts of the unit, and enter the sum thereof on the "Master" form.

(4) Complete the "Master" form in the usual manner.

It will not be necessary for each "Supplemental" form to be signed by the insured, provided the "Master" form is signed.

3. Where there has been a transfer of interest in the cotton crop on the insurance unit.

The contract provides that in the event of a transfer of interest, the Corporation shall not be liable for a greater indemnity than would have been paid had the transfer not taken place.

a. Transfer of all or part of the insured interest in all of the insured acreage on the unit.

Prepare Form 967 in the usual manner, except that the name of the insured and the insured interest (box D) shall be determined on the basis of the insured interest of the original insured and the information shown on FCI-21-Revised, "Transfer of Interest."

b. Transfer of all the insured interest in a part of the insured acreage on the unit.

(1) If neither paragraph 1 nor paragraph 2 of this subsection applies and only one transfer has been made;

(a) Draw a vertical line through the center of columns A and B,

(b) To the left of the vertical line enter the data for the entire unit.

(c) To the right of the vertical line enter the data for one of the following: (1) if the transferee is submitting the claim, enter the data for the acreage transferred, or (2) if the transferor is submitting the claim, enter the data for the acreage not transferred.

(d) Otherwise prepare the Form 967 in the usual manner.

(2) If neither paragraph 1 nor paragraph 2 of this subsection applies and two or more transfers have been made:

(a) Prepare a Form 967 for each individual (transferor and transferee) who has an insured interest under the contract at the time of loss. These forms shall be prepared in the usual manner except that the words "Transfer of Interest - data for a part of the insurance unit" shall be entered above the title.

- (b) Prepare a Form 967 covering the entire unit. The words "Transfer of Interest - data for entire insurance unit" shall be entered above the title of the form. It should be prepared as if no transfer of interest had taken place and should be completed only through Part I.
- (c) All Forms 967 prepared for the parts of the unit as well as the one prepared for the entire unit shall be submitted together.
- c. Where there is a transfer of part of the insured interest in a part of the insured acreage on the insurance unit, or where there is one or more transfers and paragraph 1 or paragraph 2 of this subsection applies to the original insured.
- (1) Prepare a Form 967 for:
- The insured acreage on the unit for each individual transferor or transferee (and, where applicable, each acreage on the unit on which each individual has a different share or for which a different coverage per acre has been established.)
 - If more than one Form 967 is prepared for the same insured, a "Master" form shall be prepared consolidating such data.
 - The entire unit as if no transfer had taken place.
- (2) Prepare these Forms 967 in accordance with the instructions contained in paragraph 3b (2) above.
4. Where the insured commingles production from two or more insurance units and fails to maintain separate records of production for each insurance unit and all the acreage from which production is commingled is insured.
- (a) Prepare Form(s) 967 for each unit in accordance with subsection C of this Section or paragraphs 1, 2, or 3 of this subsection, whichever is applicable, except as follows:
- In addition to any identification of the form as required above, enter the words "Part of a combination" immediately above the title on each of these forms.
 - Enter the word "commingled" in item 4, column B, on each of these forms.
- (b) Prepare a Form 967 consolidating the data for all of the units in accordance with paragraphs 1, 2, or 3 of this subsection, whichever is applicable, except as follows:
- Enter the words "Master - Combination" immediately above the title on this form.
 - The insurance unit number of all units involved shall be entered in the space provided.
 - Delete the word "Reported" over box A and insert above the deletion the word "Insured".

(4) Enter in box A the sum of the insured acreages for all of the units involved. (The insured acreage for each unit is the smaller of the entry in box A and the entry in box B on the form prepared for the entire unit.)

(5) Enter in item 4, column B, all of the commingled production.

Subsection E. Other Unusual Cases

If a case arises which because of some special circumstance is meritorious but which is not specifically covered by this procedure or if the application of this procedure results in an undue hardship on the insured, the case should be submitted in accordance with General Procedure 4.

Subsection F. Cases Where the Insured and Adjuster Cannot Agree

If the insured and the adjuster cannot agree on the basis for settlement of a loss claim the case shall be referred to the supervisor. If the insured and the supervisor cannot agree two Forms 967 shall be prepared, one showing the data submitted by the insured and signed only by him, and the other showing the data determined by the supervisor and signed only by him. The supervisor shall submit both forms to the director in accordance with General Procedure 4. If the insured does not file his Form 967 at that time, he shall be advised by the supervisor that such Form 967 must be filed not later than 60 days after time of loss. Every effort should be made to handle these cases as promptly and speedily as possible.

Subsection G. Transmitting Forms 967 to the Director

The adjuster shall forward daily to the director all copies of all completed Forms 967. All copies of any Form(s) FCI-6 prepared as provided in this procedure shall be attached securely to the related Form 967.

SECTION III. CORRECTED FORMS 967, DELAYED NOTICE OF LOSS OR FORMS 967

Subsection A. Corrected Forms 967

If after a Form 967 has been filed by the insured it is found that the basic data thereon are incorrect because of a bona fide error on the part of the insured or the adjuster, a corrected Form 967 (plainly marked "corrected" in the heading thereof) shall be prepared and signed both by the insured and the adjuster. (However, unless the correction would change the indemnity as much as \$5.00, a "corrected" Form 967 may not be approved by the director.)

In addition, the adjuster shall prepare Form FCI-6 fully explaining how the error occurred and including all facts pertinent to the case. The Form FCI-6 shall be attached to the "corrected" Form 967 and transmitted promptly to the director, together with the Form 967 originally filed by the insured, if such form has not already been transmitted. In no case shall the Form 967 originally filed by the insured be destroyed.

If after a Form 967 has been filed by the insured it is found that the basic data thereon are incorrect and it appears that the insured may have acted in bad faith by concealing some material fact, the adjuster shall prepare a Form FCI-6 setting forth all pertinent facts regarding the case. This Form FCI-6 shall be transmitted promptly to the director. If the insured wishes to file

a "corrected" Form 967 in such cases, the adjuster shall not sign such form but shall attach thereto the Form FCI-6. The Form 967 originally filed by the insured shall of course be transmitted promptly to the director in all cases, if such form has not already been transmitted.

It will not be necessary to prepare a "corrected" Form 967 if the basic data on the original form is correct and settlement has been made in a lesser amount than the correct indemnity and the insured is requesting the additional amount.

Subsection B. Delayed Notice of Loss

The contract requires the insured to submit a notice of loss to the county office immediately after the completion of harvesting or the end of the insurance period, whichever occurs earlier, if a loss has been sustained on the unit. There is further provision in the contract that if notice is not given within 15 days, the Corporation reserves the right to reject any claim for indemnity. This provision is essential in order that inspections may be made while the facts can best be determined.

In making each inspection after the time of loss, the adjuster shall determine the time of loss on the unit as set forth in Section II, subsection A, 1, b, hereof and compare this date with the date the insured gave notice of the loss at the county office, as shown on Form 8.

- (1) If the notice of loss was given within 15 days after the time of loss the case shall be handled in the usual manner.
- (2) If the notice of loss was given more than 15 days after the time of loss but in sufficient time for a Form 967 to be filed within the 60-day period after the time of loss, the insured shall be informed of the requirement of the contract set forth above for giving notice within 15 days after the time of loss. The adjuster shall request the insured to submit along with the Form 967, if one is filed, a statement showing the reasons for the delay in filing a notice of loss. In these cases, the adjuster shall prepare Form FCI-6 showing (a) the portion of the acreage on which the cotton stalks were still standing at the time of inspection, (b) whether he was able to accurately determine the actual acreage, (c) the method used in determining the actual production, (d) whether he is entirely satisfied that all production was accounted for, (e) whether he feels certain that he was able to ascertain the extent of any uninsurable cause of loss and the method of making per acre appraisals for such causes, (f) in what respects the evidence with regard to acreage and production is or is not as satisfactory as it would have been if the notice had been submitted within 15 days, and (g) any other facts which he considers pertinent to the case.
- (3) Where it is evident when the adjuster receives Form 8 that it will not be possible for the insured to file a Form 967 within the 60-day period after the time of loss, he should act under existing instructions from the director for such cases or request instructions from the director as to whether he should make an inspection.

Where it is not evident when the adjuster receives Form 8 that it will not be possible for the insured to file a Form 967 within the 60-day period after the time of loss, but he finds upon inspection that the notice was given too late to permit the inspection to be made and the

Form 967 to be filed within this period, the adjuster shall make the inspection, prepare Form 863 and obtain from the insured a written statement as to the reason for the delay in filing the notice of loss, and submit the case to the director for consideration without preparing a Form 967. However, if the insured insists upon filing a Form 967 in cases of this kind, he should be permitted to do so but he should be informed of the 15-day provision for reporting loss to the county office and the 60-day provision for filing a Form 967, but the adjuster should not sign these Forms 967 indicating his approval.

Subsection C. Delayed Forms 967 .

The contract provides that the Form 967 shall be filed not later than 60 days after the time of loss, unless the time for filing the claim is extended in writing by the Corporation. This 60-day period will not be extended except in the most meritorious cases. Where a Form 967 is submitted more than 60 days after the time of loss as set forth in Section II, subsection A, 1, b, hereof, the adjuster shall request the insured to submit along with the Form 967, a statement showing the reasons for the delay in order that a determination may be made as to whether the extension is to be granted.

In these cases, the adjuster shall prepare Form FCI-6 showing (a) the portion of the acreage on which the cotton stalks were still standing at the time of inspection, (b) whether he was able to accurately determine the actual acreage, (c) the method used in determining the actual production and per acre appraisals, (d) whether he is entirely satisfied that all production was accounted for, (e) whether he feels certain that he was able to ascertain the extent of any uninsurable cause of loss and the method of making per acre appraisals for such cases, (f) in what respect the evidence with regard to acreage and production is or is not as satisfactory as it would have been if the notice had been submitted within 60 days, and (g) any other facts which he considers pertinent to the case.

SECTION IV. SETTLEMENT OF LOSS CLAIMS

The adjuster shall advise the insured that any claim for indemnity submitted in accordance with the contract and applicable procedures will be paid by the issuance of a check of the Corporation payable to and mailed to the person(s) entitled to such payment under the contract.

SECTION V. DISTRIBUTION OF FORMS

The following distribution shall be made of the forms used in this procedure:

Form 863

The state office copy shall be forwarded to the director. The insured's copy shall be given to the insured at the completion of the inspection. The county office copy shall be filed in the insured's crop insurance folder on file in the county office.

Form 967

The adjuster shall forward all copies of Form 967, including the insured's copy to the director.

After a review thereof has been made by the Corporation, the insured's copy will be mailed to him, the state office copy will be filed in the related folder, and the county office copy will be forwarded to the county office for filing in the insured's crop insurance folder after any necessary corrections in the premium, as are indicated at the bottom of Form 967, are made on county office records of the insured's premium account.

Form FCI-15 "Transmittal Sheet"

Form FCI-15 will be prepared by the director. The branch office copy shall be forwarded to the branch office together with Forms 967 and any attachments. The county office copy shall be forwarded to the county office. The state office copy shall be retained and filed in the state office.